

# SIAM MAKRO MAKRO TB

THAILAND / CONSUMER STAPLES

## BUY

UNCHANGED

## High interest cost stalled 1Q22 NP

- MAKRO's 1Q22 sales grew 10% q-q and 94% y-y, in line with management's view in the previous analyst meeting, but surprisingly high interest expenses of THB1.5b (+30% q-q, 11.6x y-y) hit core NP to drop 14% q-q and increase by only 18% y-y.
- Healthy business development backs our BUY call with THB52 TP.

TARGET PRICE	THB52.00
CLOSE	THB35.50
UP/DOWNSIDE	+46.5%
TP vs CONSENSUS	+9.9%

### KEY STOCK DATA

YE Dec (THB m)	2021	2022E	2023E	2024E
Revenue	266,435	475,983	518,899	564,382
Net profit	13,687	12,640	16,884	19,888
EPS (THB)	1.29	1.19	1.60	1.88
vs Consensus (%)	-	2.8	1.9	7.6
EBITDA	15,873	28,028	33,687	37,941
Core net profit	6,972	12,640	16,884	19,888
Core EPS (THB)	0.66	1.19	1.60	1.88
EPS growth (%)	(51.8)	81.3	33.6	17.8
Core P/E (x)	53.9	29.7	22.2	18.9
Dividend yield (%)	2.6	2.5	3.4	4.0
EV/EBITDA (x)	28.2	14.7	12.4	11.4
Price/book (x)	1.3	1.3	1.2	1.2
Net debt/Equity (%)	24.6	12.5	13.8	18.0
ROE (%)	3.5	4.3	5.6	6.4

### 1Q22 net profit missed consensus by 20%

MAKRO recorded a core profit (NP) of THB2.1b in 1Q22, down 14% q-q but up 18% y-y, mainly due to the significant jump in interest expense to THB1.5b, up 30% q-q and 11.6x from the prior year. Sales grew to THB106b, up 10% q-q and 94% y-y due to the consolidation of the retail group since 25 Oct-21. Revenue from wholesales grew 3% y-y to THB58b, driven by higher SSSG for MAKRO-Thailand and 6 new stores since 1Q21, plus the sales growth from MAKRO-International from Cambodia, India, and Myanmar. 1Q22 revenue from the retail business was THB53b, up 33% q-q due to higher sales of THB50b (+32% q-q) and rental and rendering retail services at THB3b (+36% q-q).

### Wholesale business recovered y-y in 1Q22

Revenue from the wholesale unit continued its improving trend since 1Q21, growing 3% y-y to THB58b in 1Q22. The gross profit margin improved y-y to 10.4%, driven by MAKRO-Thailand's operations that helped offset the continued net loss of THB135m from MAKRO-International, which improved by 6% q-q and 17% y-y as sales rose after the economic reopening in Cambodia, India, and Myanmar. MAKRO added 2 new stores in 1Q22 in Thailand, bringing its total stores to 151 (144 in Thailand and 7 overseas).

### Retail business rebounded

1Q22 revenue from the retail business rose to THB53.3b (+33% q-q), driven by 32% q-q higher revenue for retail sales and a 36% q-q rise in service revenue. However, the gross margin dipped to 18.8%, down from 20.1% in 4Q21, due to the higher expenses related to the new store openings, new systems and rebranding. 1Q22 net profit from the retail business weakened to THB309m, down 22% q-q, due to higher interest expenses. In 1Q22, MAKRO closed one Lotus's store in Thailand but added 3 new stores in Malaysia. The occupancy rate for its leasable area of around 1m sqm stayed strong at 90% for Lotus's Thailand and 91% for Lotus's Malaysia.

### Waiting for Lotus's to thrive

We maintain BUY and our DCF-based TP of THB52. We think MAKRO's net profit should gradually improve in 2022 from Lotus's performance.



Share price performance	1 Month	3 Month	12 Month
Absolute (%)	(10.7)	(15.5)	(4.1)
Relative to country (%)	(7.1)	(11.0)	(6.1)
Mkt cap (USD m)	10,848		
3m avg. daily turnover (USD m)	16.4		
Free float (%)	7		
Major shareholder	CP ALL (93%)		
12m high/low (THB)	57.25/35.00		
Issued shares (m)	10,580.32		

Sources: Bloomberg consensus; FSSIA estimates



Suwat Sinsadok, CFA, FRM, ERP

suwat.sin@fssia.com  
+66 2611 3558

## Exhibit 1: MAKRO – summary of 1Q22 operations

Year to Dec 31	1Q21	2Q21	3Q21	4Q21	1Q22	----- Change-----		1Q22	2021	2022E	Change
	(THB m)	(THB m)	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)	%22E	(THB m)	(THB m)	(y-y %)
Total revenue	56,097	54,955	54,971	100,411	111,216	11	98	23	266,435	475,983	79
<b>Retail sales</b>	<b>54,868</b>	<b>53,813</b>	<b>53,824</b>	<b>96,342</b>	<b>106,268</b>	<b>10</b>	<b>94</b>	<b>23</b>	<b>258,847</b>	<b>458,592</b>	<b>77</b>
Service income	1,010	910	915	1,342	1,453	8	44	9	4,177	16,509	295
Other income	219	233	232	2,727	3,496	28	1,496	396	3,411	882	(74)
<b>Gross profit</b>	<b>6,764</b>	<b>6,311</b>	<b>6,789</b>	<b>18,166</b>	<b>20,163</b>	<b>11</b>	<b>198</b>	<b>26</b>	<b>38,029</b>	<b>77,831</b>	<b>105</b>
Operating costs	(4,442)	(4,560)	(4,616)	(13,917)	(16,076)	16	262	28	(27,535)	(57,354)	108
Operating profit	2,321	1,751	2,173	4,249	4,087	(4)	76	20	10,494	20,477	95
Operating EBITDA	2,972	2,406	2,831	7,663	7,003	(9)	136	25	15,873	28,028	77
Interest expense	(129)	(142)	(137)	(1,148)	(1,494)	30	1,056	31	(1,557)	(4,777)	207
<b>Profit before tax</b>	<b>2,192</b>	<b>1,608</b>	<b>2,036</b>	<b>3,102</b>	<b>2,593</b>	<b>(16)</b>	<b>18</b>	<b>17</b>	<b>8,937</b>	<b>15,700</b>	<b>76</b>
Tax	(461)	(331)	(473)	(862)	(767)	(11)	66	24	(2,128)	(3,140)	48
Associates	36	0	0	(262)	224	(186)	528	-	-	-	-
Minority interests	(33)	10	10	402	0	(100)	(101)	(1)	389	(70)	(118)
Non-recurring items	0	0	0	6,714	0	(100)	n/a	0	226	(150)	(166)
Reported net profit	1,734	1,287	1,572	9,094	2,050	(77)	18	32	13,687	12,640	(8)
<b>Recurring net profit</b>	<b>1,734</b>	<b>1,287</b>	<b>1,572</b>	<b>2,380</b>	<b>2,050</b>	<b>(14)</b>	<b>18</b>	<b>16</b>	<b>6,972</b>	<b>12,640</b>	<b>81</b>
EPS (THB)	0.36	0.27	0.33	0.86	0.19	(77)	(46)	16	1.29	1.19	(8)
<b>Recurring EPS (THB)</b>	<b>0.36</b>	<b>0.27</b>	<b>0.33</b>	<b>0.22</b>	<b>0.19</b>	<b>(14)</b>	<b>(46)</b>	<b>16</b>	<b>0.66</b>	<b>1.19</b>	<b>81</b>
<b>Key Ratios (%)</b>											
Retail sales margin	10.1	9.6	10.5	14.6	14.3				11.8	13.2	
Operating margin	4.1	3.2	4.0	4.2	3.7				3.9	4.3	
Recurring net margin	3.1	2.3	2.9	2.4	1.8				2.6	2.7	
SG&A / Sales	8.1	8.5	8.6	14.4	15.1				10.6	12.5	
Effective tax rate	21.0	20.6	23.3	27.8	29.6				23.8	20.0	

Sources: MAKRO; FSSIA estimates

## Exhibit 2: Wholesale business operations

	1Q21	4Q21	1Q22	----- Change -----	
	(THB m)	(THB m)	(THB m)	(q-q%)	(y-y%)
Sales	54,868	58,839	56,622	(4)	3
Service revenue	1,010	1,093	1,026	(6)	2
<b>Total revenue</b>	<b>56,097</b>	<b>60,234</b>	<b>57,948</b>	<b>(4)</b>	<b>3</b>
<b>Gross profit <sup>(1)</sup></b>	<b>5,534</b>	<b>6,575</b>	<b>5,862</b>	<b>(11)</b>	<b>6</b>
<i>GPM (%)</i>	10.1	11.2	10.4	(7)	3
<b>EBITDA <sup>(2)</sup></b>	<b>3,243</b>	<b>3,818</b>	<b>3,282</b>	<b>(14)</b>	<b>1</b>
<b>Net profit</b>	<b>1,734</b>	<b>2,180</b>	<b>1,741</b>	<b>(20)</b>	<b>0</b>
Makro-Thailand	1,877	2,263	1,843	(19)	(2)
Makro-International	(163)	(143)	(135)	6	17
Food Service APME	20	60	33	(45)	65
<b>Number of stores (no.)</b>	<b>145</b>	<b>149</b>	<b>151</b>	<b>1</b>	<b>4</b>
Thailand	138	142	144	1	4
Overseas <sup>(3)</sup>	7	7	7	-	-
<b>Sales space (sqm.)</b>	<b>810,797</b>	<b>819,983</b>	<b>822,952</b>	<b>0</b>	<b>1</b>
Thailand	776,858	786,044	789,013	0	2
Overseas	33,939	33,939	33,939	-	-

<sup>(1)</sup> Gross profit from sales; <sup>(2)</sup> earnings before interest, tax and depreciation & amortisation;<sup>(3)</sup> excluding restaurant/food shops under Food Service APME

Source: MAKRO

## Exhibit 3: Retail business operations

Retail <sup>(1)</sup>	4Q21	1Q22	Change
	(THB m)	(THB m)	(q-q%)
Sales	37,503	49,646	32
Service revenue	2,174	2,960	36
<b>Total revenue</b>	<b>40,177</b>	<b>53,269</b>	<b>33</b>
<b>Gross profit <sup>(2)</sup></b>	<b>7,522</b>	<b>9,352</b>	<b>24</b>
<i>GPM (%)</i>	20.1	18.8	(6)
<b>EBITDA <sup>(3)</sup></b>	<b>4,217</b>	<b>5,355</b>	<b>27</b>
<b>Net profit</b>	<b>397</b>	<b>309</b>	<b>(22)</b>
<b>Number of stores (no.)</b>	<b>2,680</b>	<b>2,664</b>	<b>(1)</b>
Lotus's Thailand	2,618	2,600	(1)
Lotus's Malaysia	62	64	3
<b>Sales space (sqm.)</b>	<b>1,813,696</b>	<b>1,827,340</b>	<b>1</b>
Lotus's Thailand	1,519,227	1,528,289	1
Lotus's Malaysia	294,469	299,051	2
<b>Net leasable area (sqm.)</b>	<b>1,017,786</b>	<b>1,026,272</b>	<b>1</b>
Lotus's Thailand	717,224	722,693	1
<i>Occupancy rate (%)</i>	90	90	-
Lotus's Malaysia	300,562	303,579	1
<i>Occupancy rate (%)</i>	92	91	(1)

<sup>(1)</sup> In 2021, retail business operating results were during 25 Oct - 31 Dec 2021; <sup>(2)</sup> gross profit from sales; <sup>(3)</sup> earnings before interest, tax and depreciation & amortisation

"CPRD wholly owns Lotus's Stores (Thailand) Co., Ltd. and Lotus's Stores (Malaysia) Sdn. Bhd., which is a leading retailer of grocery and consumer goods through a variety of store formats as well as a leading mall operator in Thailand and Malaysia"

Source: MAKRO

## Financial Statements

Siam Makro

Profit and Loss (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Revenue	218,760	266,435	475,983	518,899	564,382
Cost of goods sold	(188,439)	(223,026)	(390,602)	(423,902)	(460,357)
<b>Gross profit</b>	<b>30,322</b>	<b>43,408</b>	<b>85,382</b>	<b>94,997</b>	<b>104,026</b>
Other operating income	0	0	0	0	0
Operating costs	(17,788)	(27,535)	(57,354)	(61,310)	(66,084)
<b>Operating EBITDA</b>	<b>12,534</b>	<b>15,873</b>	<b>28,028</b>	<b>33,687</b>	<b>37,941</b>
Depreciation	(3,577)	(5,379)	(7,551)	(8,349)	(9,139)
Goodwill amortisation	0	0	0	0	0
<b>Operating EBIT</b>	<b>8,957</b>	<b>10,494</b>	<b>20,477</b>	<b>25,338</b>	<b>28,802</b>
Net financing costs	(619)	(1,557)	(4,777)	(4,283)	(3,984)
Associates	(63)	(226)	150	165	182
Recurring non-operating income	(63)	(226)	150	165	182
Non-recurring items	0	6,714	0	0	0
<b>Profit before tax</b>	<b>8,274</b>	<b>15,425</b>	<b>15,850</b>	<b>21,220</b>	<b>24,999</b>
Tax	(1,813)	(2,128)	(3,140)	(4,211)	(4,964)
<b>Profit after tax</b>	<b>6,461</b>	<b>13,298</b>	<b>12,710</b>	<b>17,009</b>	<b>20,036</b>
Minority interests	102	389	(70)	(125)	(148)
Preferred dividends	0	0	0	0	0
Other items	0	0	0	0	0
<b>Reported net profit</b>	<b>6,563</b>	<b>13,687</b>	<b>12,640</b>	<b>16,884</b>	<b>19,888</b>
<b>Non-recurring items &amp; goodwill (net)</b>	<b>0</b>	<b>(6,714)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Recurring net profit</b>	<b>6,563</b>	<b>6,972</b>	<b>12,640</b>	<b>16,884</b>	<b>19,888</b>
<b>Per share (THB)</b>					
Recurring EPS *	1.37	0.66	1.19	1.60	1.88
Reported EPS	1.37	1.29	1.19	1.60	1.88
DPS	1.00	0.92	0.90	1.20	1.41
Diluted shares (used to calculate per share data)	4,800	10,580	10,580	10,580	10,580
<b>Growth</b>					
Revenue (%)	3.9	21.8	78.6	9.0	8.8
Operating EBITDA (%)	14.7	26.6	76.6	20.2	12.6
Operating EBIT (%)	9.2	17.2	95.1	23.7	13.7
Recurring EPS (%)	5.1	(51.8)	81.3	33.6	17.8
Reported EPS (%)	5.1	(5.4)	(7.7)	33.6	17.8
<b>Operating performance</b>					
Gross margin inc. depreciation (%)	12.2	14.3	16.4	16.7	16.8
Gross margin of key business (%)	10.3	10.4	15.3	15.7	15.8
Operating EBITDA margin (%)	5.7	6.0	5.9	6.5	6.7
Operating EBIT margin (%)	4.1	3.9	4.3	4.9	5.1
Net margin (%)	3.0	2.6	2.7	3.3	3.5
Effective tax rate (%)	21.7	23.8	20.0	20.0	20.0
Dividend payout on recurring profit (%)	73.1	139.6	75.0	75.0	75.0
Interest cover (X)	14.4	6.6	4.3	6.0	7.3
Inventory days	28.3	38.0	35.3	39.2	39.2
Debtor days	1.7	2.2	2.9	3.8	3.8
Creditor days	52.7	72.2	58.7	59.8	62.3
Operating ROIC (%)	43.0	17.7	19.1	21.8	25.1
ROIC (%)	9.9	2.9	3.9	4.5	4.9
ROE (%)	10.3	3.5	4.3	5.6	6.4
ROA (%)	6.3	2.1	2.8	3.3	3.5
* Pre exceptional, pre-goodwill and fully diluted					
<b>Revenue by Division (THB m)</b>					
Sales	214,140	258,847	458,592	499,493	543,920
Service income	3,757	4,177	16,509	18,500	19,533
Other Income	863	3,411	882	906	930

Sources: Siam Makro; FSSIA estimates

## Financial Statements

Siam Makro

Cash Flow (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Recurring net profit	6,563	6,972	12,640	16,884	19,888
Depreciation	3,577	5,379	7,551	8,349	9,139
Associates & minorities	82	419	0	0	0
Other non-cash items	(19)	(191)	959	305	341
Change in working capital	1,979	13,416	(9,367)	3,767	5,605
<b>Cash flow from operations</b>	<b>12,181</b>	<b>25,996</b>	<b>11,783</b>	<b>29,304</b>	<b>34,973</b>
Capex - maintenance	-	-	-	-	-
Capex - new investment	(1,254)	(91,201)	(16,277)	(15,628)	(15,975)
Net acquisitions & disposals	(87,658)	(193,519)	45,279	(20,243)	(21,450)
Other investments (net)	794	12,662	(2,607)	9,165	(2,435)
<b>Cash flow from investing</b>	<b>(88,118)</b>	<b>(272,058)</b>	<b>26,395</b>	<b>(26,706)</b>	<b>(39,860)</b>
Dividends paid	(4,800)	(9,734)	(9,480)	(12,663)	(14,916)
Equity finance	85,786	182,967	4,996	4,996	4,996
Debt finance	627	130,840	(33,225)	1,817	11,718
Other financing cash flows	0	0	0	0	0
<b>Cash flow from financing</b>	<b>81,612</b>	<b>304,074</b>	<b>(37,709)</b>	<b>(5,850)</b>	<b>1,798</b>
Non-recurring cash flows	-	-	-	-	-
Other adjustments	0	0	0	0	0
<b>Net other adjustments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Movement in cash</b>	<b>5,675</b>	<b>58,011</b>	<b>468</b>	<b>(3,251)</b>	<b>(3,089)</b>
Free cash flow to firm (FCFF)	(75,317.54)	(244,505.64)	42,954.96	6,881.72	(902.17)
Free cash flow to equity (FCFE)	(75,310.42)	(115,221.97)	4,952.29	4,416.17	6,831.57

### Per share (THB)

FCFF per share	(7.12)	(23.11)	4.06	0.65	(0.09)
FCFE per share	(7.12)	(10.89)	0.47	0.42	0.65
Recurring cash flow per share	2.13	1.19	2.00	2.41	2.78

Balance Sheet (THB m) Year Ending Dec	2020	2021	2022E	2023E	2024E
Tangible fixed assets (gross)	141,469	141,469	157,746	173,374	189,349
Less: Accumulated depreciation	(110,905)	(23,025)	(30,506)	(38,784)	(47,852)
<b>Tangible fixed assets (net)</b>	<b>30,564</b>	<b>118,444</b>	<b>127,241</b>	<b>134,591</b>	<b>141,498</b>
<b>Intangible fixed assets (net)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Long-term financial assets	0	0	0	0	0
Invest. in associates & subsidiaries	85,552	14,310	14,310	14,310	14,310
Cash & equivalents	10,518	68,530	68,998	65,747	62,658
A/C receivable	945	2,301	5,216	5,687	6,185
Inventories	14,478	31,967	43,633	47,370	51,452
Other current assets	2,310	7,203	12,867	14,028	15,257
<b>Current assets</b>	<b>28,251</b>	<b>110,000</b>	<b>130,715</b>	<b>132,831</b>	<b>135,552</b>
Other assets	15,219	326,737	326,737	356,196	387,418
<b>Total assets</b>	<b>159,587</b>	<b>569,490</b>	<b>599,001</b>	<b>637,927</b>	<b>678,777</b>
Common equity	107,792	287,997	296,153	305,369	315,337
Minorities etc.	471	501	571	696	844
<b>Total shareholders' equity</b>	<b>108,263</b>	<b>288,498</b>	<b>296,724</b>	<b>306,065</b>	<b>316,181</b>
Long term debt	2,002	105,120	80,063	81,434	90,271
Other long-term liabilities	8,847	57,661	103,010	112,298	122,141
<b>Long-term liabilities</b>	<b>10,848</b>	<b>162,781</b>	<b>183,074</b>	<b>193,732</b>	<b>212,412</b>
A/C payable	27,974	60,236	65,450	73,423	83,609
Short term debt	6,547	34,269	26,100	26,547	29,428
Other current liabilities	5,954	23,707	27,654	38,159	37,147
<b>Current liabilities</b>	<b>40,475</b>	<b>118,211</b>	<b>119,204</b>	<b>138,129</b>	<b>150,183</b>
<b>Total liabilities and shareholders' equity</b>	<b>159,587</b>	<b>569,490</b>	<b>599,001</b>	<b>637,927</b>	<b>678,777</b>
Net working capital	(16,196)	(42,472)	(31,387)	(44,498)	(47,862)
Invested capital	115,140	417,018	436,900	460,598	495,363

\* Includes convertibles and preferred stock which is being treated as debt

### Per share (THB)

Book value per share	22.46	27.22	27.99	28.86	29.80
Tangible book value per share	22.46	27.22	27.99	28.86	29.80

### Financial strength

Net debt/equity (%)	(1.8)	24.6	12.5	13.8	18.0
Net debt/total assets (%)	(1.2)	12.4	6.2	6.6	8.4
Current ratio (x)	0.7	0.9	1.1	1.0	0.9
CF interest cover (x)	(118.5)	(14.4)	5.4	5.7	6.7

Valuation	2020	2021	2022E	2023E	2024E
<b>Recurring P/E (x) *</b>	<b>26.0</b>	<b>53.9</b>	<b>29.7</b>	<b>22.2</b>	<b>18.9</b>
<b>Recurring P/E @ target price (x) *</b>	<b>38.0</b>	<b>78.9</b>	<b>43.5</b>	<b>32.6</b>	<b>27.7</b>
Reported P/E (x)	26.0	27.4	29.7	22.2	18.9
Dividend yield (%)	2.8	2.6	2.5	3.4	4.0
Price/book (x)	1.6	1.3	1.3	1.2	1.2
Price/tangible book (x)	1.6	1.3	1.3	1.2	1.2
EV/EBITDA (x) **	13.5	28.2	14.7	12.4	11.4
EV/EBITDA @ target price (x) **	19.8	39.2	21.0	17.6	16.0
EV/invested capital (x)	1.5	1.1	0.9	0.9	0.9

\* Pre-exceptional, pre-goodwill and fully diluted \*\* EBITDA includes associate income and recurring non-operating income

Sources: Siam Makro; FSSIA estimates

## Corporate Governance report of Thai listed companies 2020

EXCELLENT LEVEL										
AAV	ADVANC	AF	AIRA	AKP	AKR	ALT	AMA	AMATA	AMATAV	ANAN
AOT	AP	ARIP	ARROW	ASP	BAFS	BANPU	BAY	BCP	BCPG	BDMS
BEC	BEM	BGRIM	BIZ	BKI	BLA	BOL	BPP	BRR	BTS	BWG
CENTEL	CFRESH	CHEWA	CHO	CIMBT	CK	CKP	CM	CNT	COL	COMAN
COTTO	CPALL	CPF	CPI	CPN	CSS	DELTA	DEMCO	DRT	DTAC	DTC
DV8	EA	EASTW	ECF	ECL	EGCO	EPG	ETE	FNS	FPI	FPT
FSMART	GBX	GC	GCAP	GEL	GFPT	GGC	GPSC	GRAMMY	GUNKUL	HANA
HARN	HMPRO	ICC	ICI	III	ILINK	INTUCH	IRPC	IVL	JKN	JSP
JWD	K	KBANK	KCE	KKP	KSL	KTB	KTC	LANNA	LH	LHFG
LIT	LPN	MAKRO	MALEE	MBK	MBKET	MC	MCOT	METCO	MFEC	MINT
MONO	MOONG	MSC	MTC	NCH	NCL	NEP	NKI	NOBLE	NSI	NVD
NYT	OISHI	ORI	OTO	PAP	PCSGH	PDJ	PG	PHOL	PLANB	PLANET
PLAT	PORT	PPS	PR9	PREB	PRG	PRM	PSH	PSL	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QTC	RATCH	RS	S	S & J	SAAM
SABINA	SAMART	SAMTEL	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SDC
SEAFCO	SEOIL	SE-ED	SELIC	SENA	SIRI	SIS	SITHAI	SMK	SMPC	SNC
SONIC	SORKON	SPALI	SPI	SPRC	SPVI	SSSC	SST	STA	SUSCO	SUTHA
SVI	SYMC	SYNTEC	TACC	TASCO	TCAP	TFMAMA	THANA	THANI	THCOM	THG
THIP	THRE	THREL	TIP	TIPCO	TISCO	TK	TKT	TTB	TMILL	TNDT
TNL	TOA	TOP	TPBI	TQM	TRC	TRC	TSC	TSR	TSTE	TSTH
TTCL	TTW	TU	TVD	TVI	TVO	TWPC	U	UAC	UBIS	UV
VGI	VIH	WACOAL	WAVE	WHA	WHAUP	WICE	WINNER	TRUE		

VERY GOOD LEVEL										
2S	ABM	ACE	ACG	ADB	AEC	AEONTS	AGE	AH	AHC	AIT
ALLA	AMANAHA	AMARIN	APCO	APCS	APURE	AQUA	ASAP	ASEFA	ASIA	ASIAN
ASIMAR	ASK	ASN	ATP30	AUCT	AWC	AYUD	B	BA	BAM	BBL
BFIT	BGC	BJC	BJCHI	BROOK	BTW	CBG	CEN	CGH	CHARAN	CHAYO
CHG	CHOTI	CHOW	CI	CIG	CMC	COLOR	COM7	CPL	CRC	CRD
CSC	CSP	CWT	DCC	DCON	DDD	DOD	DOHOME	EASON	EE	ERW
ESTAR	FE	FLOYD	FN	FORTH	FSS	FTE	FVC	GENCO	GJS	GL
GLAND	GLOBAL	GLOCON	GPI	GULF	GYT	HPT	HTC	ICN	IFS	ILM
IMH	INET	INSURE	IRC	IRCP	IT	ITD	ITEL	J	JAS	JCK
JCKH	JMART	JMT	KBS	KCAR	KGI	KIAT	KOOL	KTIS	KWC	KWM
L&E	LALIN	LDC	LHK	LOXLEY	LPH	LRH	LST	M	MACO	MAJOR
MBAX	MEGA	META	MFC	MGT	MILL	MITSIB	MK	MODERN	MTI	MVP
NETBAY	NEX	NINE	NTV	NWR	OCC	OGC	OSP	PATO	PB	PDG
PDI	PICO	PIMO	PJW	PL	PM	PPP	PRIN	PRINC	PSTC	PT
QLT	RCL	RICHY	RML	RPC	RWI	S11	SALEE	SAMCO	SANKO	SAPPE
SAWAD	SCI	SCP	SE	SEG	SFP	SGF	SHR	SIAM	SINGER	SKE
SKR	SKY	SMIT	SMT	SNP	SPA	SPC	SPCG	SR	SRICHA	SSC
SSF	STANLY	STI	STPI	SUC	SUN	SYNEX	T	TAE	TAKUNI	TBSP
TCC	TCMC	TEAM	TEAMG	TFG	TIGER	TITLE	TKN	TKS	TM	TMC
TMD	TMI	TMT	TNITY	TNP	TNR	TOG	TPA	TPAC	TPCORP	TPOLY
TPS	TRITN	TRT	TRU	TSE	TVT	TWP	UEC	UMI	UOBKH	UP
UPF	UPOIC	UT	UTP	UWC	VL	VNT	VPO	WIJK	WP	XO
YUASA	ZEN	ZIGA	ZMICO							

GOOD LEVEL										
7UP	A	ABICO	AJ	ALL	ALUCON	AMC	APP	ARIN	AS	AU
B52	BC	BCH	BEAUTY	BGT	BH	BIG	BKD	BLAND	BM	BR
BROCK	BSBM	BSM	BTNC	CAZ	CCP	CGD	CITY	CMAN	CMO	CMR
CPT	CPW	CRANE	CSR	D	EKH	EP	ESSO	FMT	GIFT	GREEN
GSC	GTB	HTECH	HUMAN	IHL	INOX	INSET	IP	JTS	JUBILE	KASET
KCM	KKC	KUMWEL	KUN	KWG	KYE	LEE	MATCH	MATI	M-CHAI	MCS
MDX	MJD	MM	MORE	NC	NDR	NER	NFC	NNCL	NPK	NUSA
OCEAN	PAF	PF	PK	PLE	PMTA	POST	PPM	PRAKIT	PRECHA	PRIME
PROUD	PTL	RBF	RCI	RJH	ROJNA	RP	RPH	RSP	SF	SFLEX
SGP	SISB	SKN	SLP	SMART	SOLAR	SPG	SQ	SSP	STARK	STC
SUPER	SVOA	TC	TCCC	THMUI	TIW	TNH	TOPP	TPCH	TIPIP	TPLAS
TTI	TYCN	UKEM	UMS	VCOM	VRANDA	WIN	WORK	WPH		

## Description

## Score Range

Excellent

90-100

Very Good

80-89

Good

70-79

## Disclaimer:

The disclosure of the survey results of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the Market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information.

The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey results may be changed after that date. FSS International Investment Advisory Company Limited does not confirm nor certify the accuracy of such survey results.

\* CGR scoring should be considered with news regarding wrong doing of the company or director or executive of the company such unfair practice on securities trading, fraud, and corruption SEC imposed a civil sanction against insider trading of director and executive; \*\* delisted

Source: Thai Institute of Directors Association (IOD); FSSIA's compilation

## Anti-corruption Progress Indicator 2020

CERTIFIED										
2S	ADVANC	AI	AIE	AIRA	AKP	AMA	AMANAHA	AP	AQUA	ARROW
ASK	ASP	AYUD	B	BAFS	BANPU	BAY	BBL	BCH	BCP	BCPG
BGC	BGRIM	BJCHI	BKI	BLA	BPP	BROOK	BRR	BSBM	BTS	BWG
CEN	CENTEL	CFRESH	CGH	CHEWA	CHOTI	CHOW	CIG	CIMBT	CM	CMC
COL	COM7	CPALL	CPF	CPI	CPN	CSC	DCC	DELTA	DEMCO	DIMET
DRT	DTAC	DTC	EASTW	ECL	EGCO	FE	FNS	FPI	FPT	FSS
FTE	GBX	GC	GCAP	GEL	GFPT	GGC	GJS	GPSC	GSTEEL	GUNKUL
HANA	HARN	HMPRO	HTC	ICC	ICHI	IFS	INET	INSURE	INTUCH	IRPC
ITEL	IVL	K	KASET	KBANK	KBS	KCAR	KCE	KGI	KKP	KSL
KTB	KTC	KWC	L&E	LANNA	LHFG	LHK	LPN	LRH	M	MAKRO
MALEE	MBAX	MBK	MBKET	MC	MCOT	MFC	MFEC	MINT	MONO	MOONG
MPG	MSC	MTC	MTI	NBC	NEP	NINE	NKI	NMG	NNCL	NSI
NWR	OCC	OCEAN	OGC	ORI	PAP	PATO	PB	PCSGH	PDG	PDI
PDJ	PE	PG	PHOL	PL	PLANB	PLANET	PLAT	PM	PPP	PPPM
PPS	PREB	PRG	PRINC	PRM	PSH	PSL	PSTC	PT	PTG	PTT
PTTEP	PTTGC	PYLON	Q-CON	QH	QLT	QTC	RATCH	RML	RWI	S & J
SABINA	SAT	SC	SCB	SCC	SCCC	SCG	SCN	SEAOIL	SE-ED	SELIC
SENA	SGP	SIRI	SITHAI	SMIT	SMK	SMPC	SNC	SNP	SORKON	SPACK
SPC	SPI	SPRC	SRICHA	SSF	SSSC	SST	STA	SUSCO	SVI	SYNTEC
TAE	TAKUNI	TASCO	TBSP	TCAP	TCMC	TFG	TFI	TFMAMA	THANI	THCOM
THIP	THRE	THREL	TIP	TIPCO	TISCO	TKT	TTB	TMD	TMILL	TMT
TNITY	TNL	TNP	TNR	TOG	TOP	TPA	TPCORP	TPP	TRU	TSC
TSTH	TTCL	TU	TVD	TVI	TVO	TWPC	U	UBIS	UEC	UKEM
UOBKH	UWC	VGI	VIH	VNT	WACOAL	WHA	WHAUP	WICE	WIJK	XO
ZEN	TRUE									

DECLARED										
7UP	ABICO	AF	ALT	AMARIN	AMATA	AMATAV	ANAN	APURE	B52	BKD
BM	BROCK	BUI	CHO	CI	COTTO	DDD	EA	EFORL	EP	ERW
ESTAR	ETE	EVER	FSMART	GPI	ILINK	IRC	J	JKN	JMART	JMT
JSP	JTS	KWG	LDC	MAJOR	META	NCL	NOBLE	NOK	PK	PLE
ROJNA	SAAM	SAPPE	SCI	SE	SHANG	SINGER	SKR	SPALI	SSP	STANLY
SUPER	SYNEX	THAI	TKS	TOPP	TRITN	TTA	UPF	UV	WIN	ZIGA

Level	
Certified	This level indicates practical participation with thoroughly examination in relation to the recommended procedures from the audit committee or the SEC's certified auditor, being a certified member of Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) or already passed examination to ensure independence from external parties.
Declared	This level indicates determination to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC)

**Disclaimer:**

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, FSS International Investment Advisory Company Limited does not confirm, verify, or certify the accuracy and completeness of the assessment results.

Note: Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into: 1) companies that have declared their intention to join CAC, and; 2) companies certified by CAC.

Source: The Securities and Exchange Commission, Thailand; \* FSSIA's compilation

## GENERAL DISCLAIMER

### ANALYST(S) CERTIFICATION

Suwat Sinsadok, CFA, FRM, ERP FSS International Investment Advisory Securities Co., Ltd

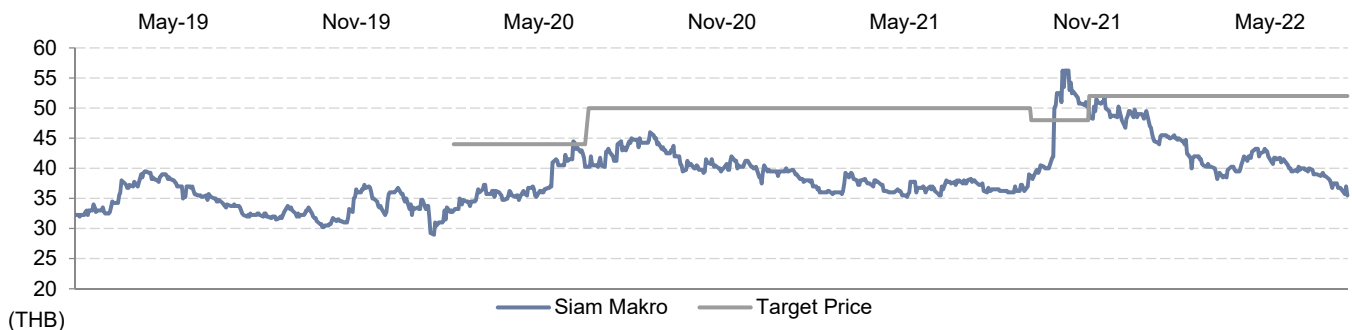
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### History of change in investment rating and/or target price

#### Siam Makro (MAKRO TB)



Date	Rating	Target price	Date	Rating	Target price	Date	Rating	Target price
02-Apr-2020	BUY	44.00	11-Aug-2021	BUY	48.00	22-Feb-2022	BUY	52.00
24-Jul-2020	BUY	50.00	30-Sep-2021	HOLD	52.00			

Suwat Sinsadok, CFA, FRM, ERP started covering this stock from 24-Jul-2020

Price and TP are in local currency

Source: FSSIA estimates

Company	Ticker	Price	Rating	Valuation & Risks
Siam Makro	MAKRO TB	THB 35.50	BUY	The key downside risks to our DCF-based TP include: 1) lower-than-expected SSSG; 2) a lower-than-expected GPM improvement; and 3) operational losses from its overseas business.

Source: FSSIA estimates

### Additional Disclosures

Target price history, stock price charts, valuation and risk details, and equity rating histories applicable to each company rated in this report is available in our most recently published reports. You can contact the analyst named on the front of this note or your representative at Finansia Syrus Securities Public Company Limited

FSSIA may incorporate the recommendations and target prices of companies currently covered by FSS Research into equity research reports, denoted by an 'FSS' before the recommendation. FSS Research is part of Finansia Syrus Securities Public Company Limited, which is the parent company of FSSIA.

All share prices are as at market close on 11-May-2022 unless otherwise stated.



## RECOMMENDATION STRUCTURE

### Stock ratings

Stock ratings are based on absolute upside or downside, which we define as  $(\text{target price}^* - \text{current price}) / \text{current price}$ .

**BUY (B).** The upside is 10% or more.

**HOLD (H).** The upside or downside is less than 10%.

**REDUCE (R).** The downside is 10% or more.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause a temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.

\* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

### Industry Recommendations

**Overweight.** The analyst expects the fundamental conditions of the sector to be positive over the next 12 months.

**Neutral.** The analyst expects the fundamental conditions of the sector to be maintained over the next 12 months.

**Underweight.** The analyst expects the fundamental conditions of the sector to be negative over the next 12 months.

### Country (Strategy) Recommendations

**Overweight (O).** Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Neutral (N).** Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

**Underweight (U).** Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.